



Milk Pricing

NEWSLETTER

Dairy Marketing Branch, CDFA

October 2003

National Commodity Prices Holding Steady . . .

The minimum price of milk, established by the Department each month, is the price that dairy processors must pay for milk used to produce dairy products. National commodity prices, primarily butter, Cheddar cheese, and nonfat dry milk, are significant factors in determining the minimum milk price (See *national commodities prices chart on page 2*).

The national commodity prices for butter and nonfat dry milk rose slightly and Cheddar cheese remained steady throughout the month. Consequently, whole milk showed relatively no change, while the milks with less fat showed slight decreases: whole milk increased one tenth of a cent per gallon, reduced fat milk decreased six tenths of a cent per gallon, lowfat milk decreased one and two tenths cents per gallon, and skim milk decreased one and three tenths cents per gallon.

For the third consecutive month, California milk production has shown a slight decrease compared to the same months from the previous year. Dairy product sales have been stronger in the past few months and the upcoming holiday season hopes to bring enhanced butter and cheese sales. Nationally, total milk production, milk production per cow, and milk cow numbers continue to be down slightly when compared to last year levels and the upcoming winter weather may contribute to continue this trend.

The table below shows individual prices for the four types of fluid milk by container size and the price changes from the previous month. The prices listed represent the minimum price paid by processors for the milk only - no other processing costs are included.

Minimum Prices for the Four Types of Fluid Milk by Container Size for November 2003

Northern California	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$1.394	\$0.697	\$0.349	\$0.174	\$0.116	\$0.087
Reduced Fat (2%)	\$1.351	\$0.675	\$0.338	\$0.169	\$0.113	\$0.084
Lowfat (1%)	\$1.334	\$0.667	\$0.334	\$0.167	\$0.111	\$0.083
Nonfat (Skim)	\$1.051	\$0.526	\$0.263	\$0.131	\$0.088	\$0.066
Southern California						
Whole Milk	\$1.418	\$0.709	\$0.354	\$0.177	\$0.118	\$0.089
Reduced Fat (2%)	\$1.374	\$0.687	\$0.344	\$0.172	\$0.115	\$0.086
Lowfat (1%)	\$1.358	\$0.679	\$0.339	\$0.170	\$0.113	\$0.085
Nonfat (Skim)	\$1.076	\$0.538	\$0.269	\$0.134	\$0.090	\$0.067
Price Changes from the Previous Pricing Period						
	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$0.001	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Reduced Fat (2%)	\$0.006↓	\$0.003↓	\$0.002↓	\$0.001↓	\$0.001↓	\$0.000
Lowfat (1%)	\$0.012↓	\$0.006↓	\$0.003↓	\$0.001↓	\$0.001↓	\$0.001↓
Nonfat (Skim)	\$0.013↓	\$0.006↓	\$0.003↓	\$0.002↓	\$0.001↓	\$0.001↓

California Department of Food and Agriculture (CDFA)

William (Bill) J. Lyons Jr., Secretary

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Minimum Prices for the Milk Component of Various Manufactured Dairy Products

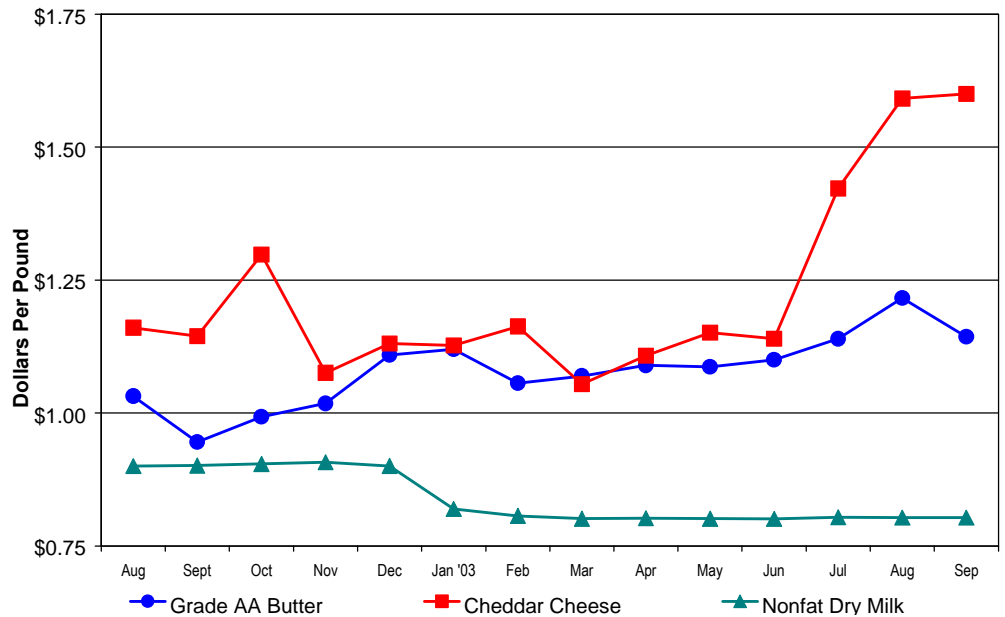
The minimum prices for the raw milk component used by processors in manufacturing dairy products are listed in the table to the right. No other costs incurred by the processor are included, such as:

- milk quality premiums,
- milk composition premiums,
- competitiveness for availability of milk premiums,
- transportation costs,
- plant processing costs,
- service charges
- marketing costs

	Lowfat Yogurt (\$/quart)	Super- Premium Ice Cream (\$/ 1/2 gal)	Generic Ice Cream (\$/ 1/2 gal)
Jan '03	\$0.20	\$1.09	\$0.43
Feb	\$0.18	\$1.12	\$0.43
Mar	\$0.18	\$1.12	\$0.43
Apr	\$0.18	\$1.07	\$0.41
May	\$0.18	\$1.07	\$0.41
June	\$0.18	\$1.08	\$0.42
July	\$0.18	\$1.08	\$0.42
Aug	\$0.18	\$1.13	\$0.44
Sept	\$0.18	\$1.13	\$0.44
Oct	\$0.18	\$1.15	\$0.44

National Commodity Prices for August 2002 - September 2003

Grade AA Butter, Block Cheddar Cheese, and Nonfat Dry Milk



In accordance with the California Government
 Code and ADA requirements, this publication can
 be made available in an alternative format by
 contacting Karen Dapper at (916) 341-5988, by
 email at dairy@cdfa.ca.gov, or by contacting TDD
 1-800-735-0193.
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